

M&A AT A GLANCE

APRIL 2021 | ISSUE 109

Key Takeaways

- ▶ While the U.S. M&A market has generally experienced a strong recovery since the onset of pandemic-related shutdowns a year ago, March was the second consecutive month of decline in the number of transactions. The global M&A market, on the other hand, continued to demonstrate signs of growth and recovery across all metrics. Of note, SPAC transactions globally and in the U.S. declined significantly relative to the highs recorded in February.
- ▶ U.S. total deal value and numbers in March were down 16% and 10%, respectively, due primarily to decreases in strategic activity. Sponsor activity increased slightly, by 5% in deal value and 1% in deal count. Globally, total deal value and deal count were up 13% and 8%, respectively, with strategic deals accounting for more of the increase than sponsor deals.
- ▶ Another bright spot for the U.S. was crossborder activity. U.S. inbound volume increased 188% by deal value, driven by AerCap Holdings NV's \$30+ billion acquisition of GE Capital Aviation Services Ltd and Canada Pacific Railway Ltd's \$29 billion acquisition of Kansas City Southern, but decreased 15% by deal count. U.S. outbound deal value and deal count increased 45% and 7%, respectively.
- ▶ Canada dominated U.S. inbound activity, leading in total value and deal count for both March and the last 12 months (LTM). Israel topped U.S. outbound transactions by deal value, while the U.K. led in deal count and was the target country of choice for U.S. outbound deals LTM.
- ▶ Computer & Electronics remained the top industry by dollar value and deal count for March and LTM.
- ▶ In March, 21 U.S. SPAC acquisitions were announced (totaling \$39 billion in deal value), down 50% by deal count and 59% by deal value over February. Globally, SPAC acquisitions decreased by 37% in total value and 41% by count.
- ▶ U.S. public merger highlights in March include the following:
 - 42% were stock-only, compared to 24% LTM, and 42% were cash-only, compared to 59% LTM.
 - 25% involved tender offers, consistent with the LTM. Hostile/unsolicited offers increased to 29% compared to 19% LTM.
 - Unaffected premiums dropped to 27%, compared to 41% LTM.

Strategic vs. Sponsor Activity

| U.S. |
|---------------------------------|
| Total |
| \$270.3 billion – ▼16.1% |
| 614 deals – ▼9.6% |
| Strategic |
| \$181.2 billion – ▼23.7% |
| 457 deals – ▼12.6% |
| Sponsor |
| \$89.1 billion – ▲5.1% |
| 157 deals – ▲0.6% |

| Global |
|---------------------------------|
| Total |
| \$599.0 billion – ▲12.5% |
| 2,646 deals – ▲8.3% |
| Strategic |
| \$407.2 billion – ▲15.7% |
| 2,224 deals – ▲8.8% |
| Sponsor |
| \$191.9 billion – ▲6.2% |
| 422 deals – ▲6.0% |

Crossborder Activity

| U.S. Inbound | U.S. Outbound |
|--|---|
| \$85.6 billion ▲187.5% | \$57.4 billion ▲44.7% |
| 88 deals ▼15.4% | 147 deals ▲7.3% |
| leading country Canada – \$35.3 billion Canada – 20 deals | leading country Israel – \$21.5 billion U.K. – 32 deals |
| leading country last 12 months Canada – \$68.8 billion Canada – 247 deals | leading country last 12 months U.K. – \$164.0 billion U.K. – 280 deals |

Industry Activity

| | |
|---|---|
|  most deals 263 deals Computers & Electronics |  last 12 months 3,132 deals Computers & Electronics |
|  most dollar value \$71.4 billion Computers & Electronics |  last 12 months \$602.4 billion Computers & Electronics |

SPAC Acquisitions

| | | | |
|--|----------------------------|--|----------------------------|
|  \$39.1 billion ▼ 59.2% | 21 deals ▼ 50.0% |  \$73.7 billion ▼ 36.9% | 30 deals ▼ 41.2% |
|--|----------------------------|--|----------------------------|

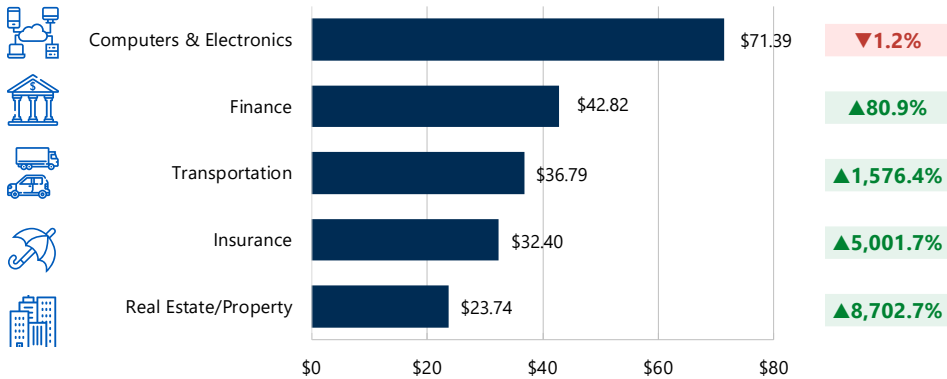
All data is for March 2021 and is as of April 12, 2021 unless otherwise specified. Each metric in this publication that references deal volume by dollar value is calculated from the subset of the total number of deals that includes a disclosed deal value.

Most Active U.S. Target Industries¹

Deal Value (US\$B)

March 2021

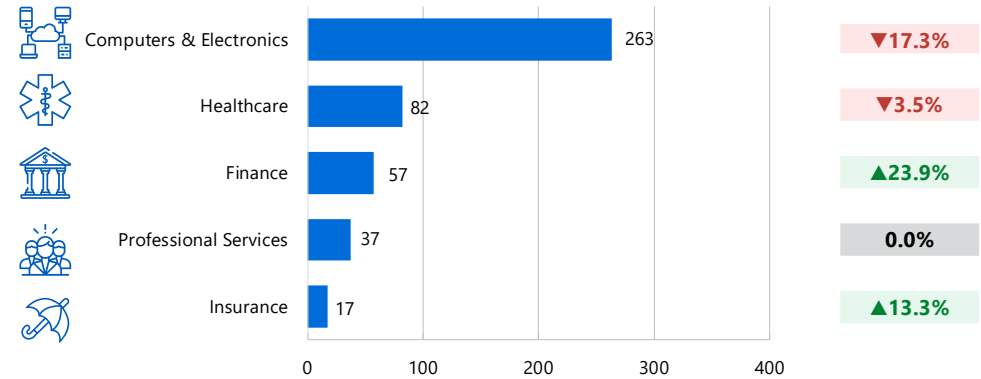
+/- from last month



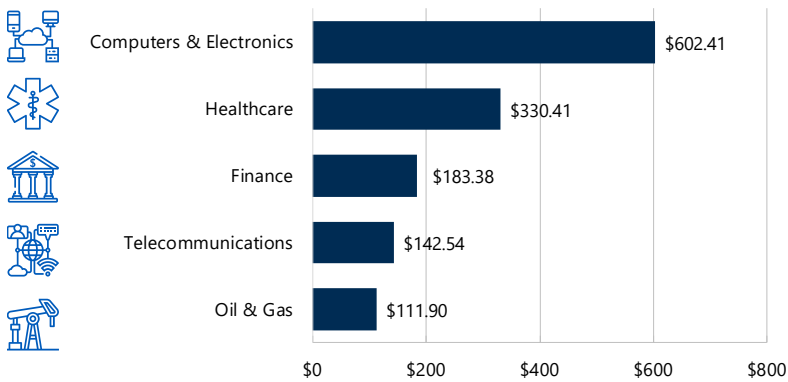
Number of Deals

March 2021

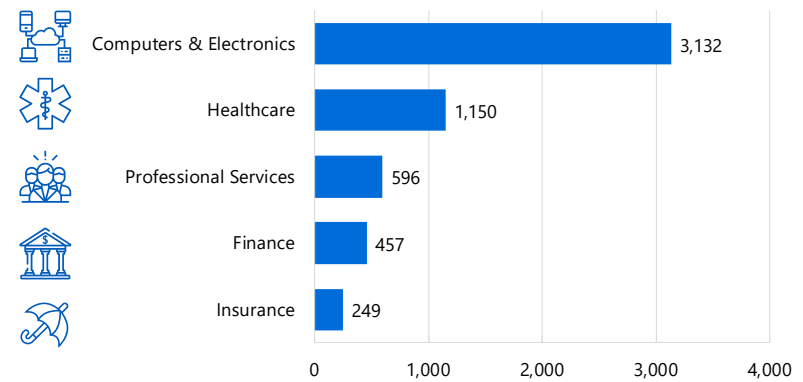
+/- from last month



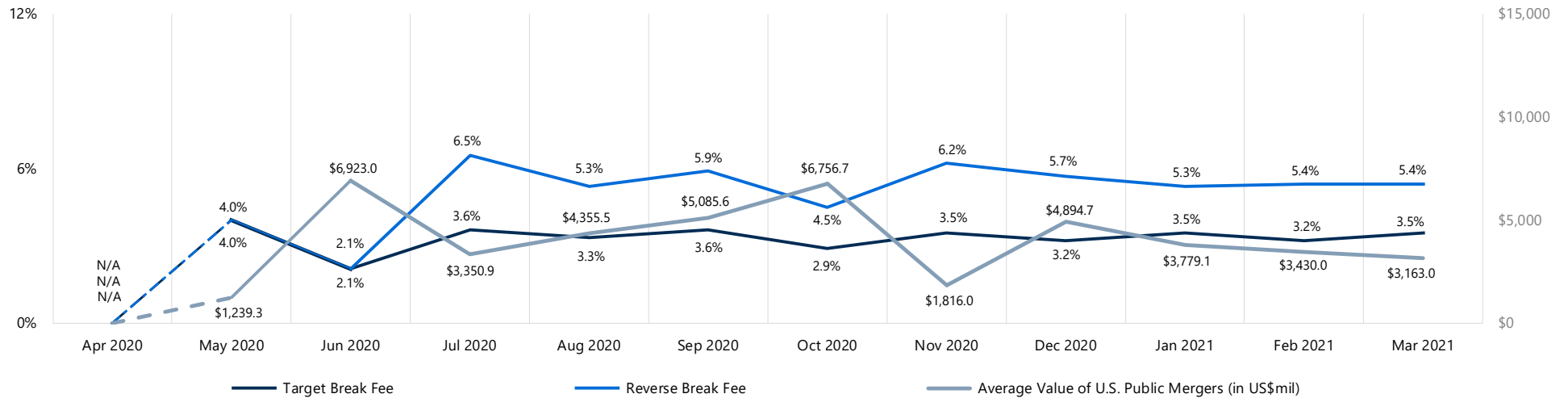
Last 12 Months



Last 12 Months



Average Break Fees as % of Equity Value²



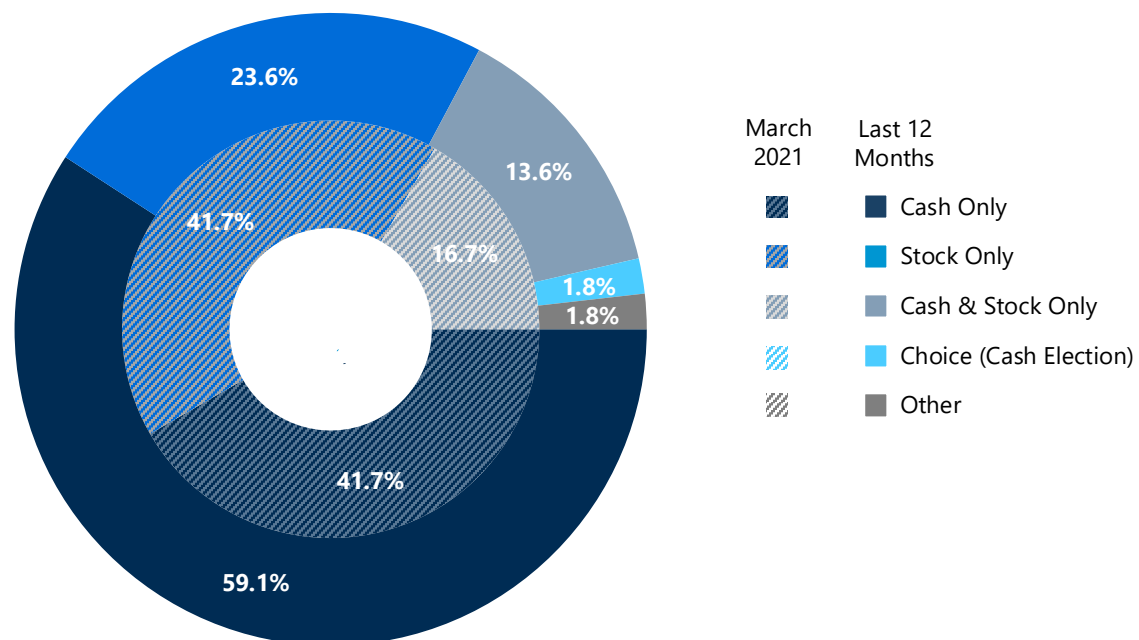
Average Break Fees as % of Equity Value^{3,4}

| | March 2021 | Last 12 Months |
|---|------------|----------------|
| Target Break Fee for All Mergers | 3.5 | 3.3 |
| Reverse Break Fee for All Mergers ⁵ | 5.4 | 5.4 |
| Reverse Break Fee for Mergers Involving Financial Buyers ⁶ | 6.9 | 6.3 |
| Reverse Break Fee for Mergers Involving Strategic Buyers ⁷ | 3.9 | 4.7 |

U.S. Public Merger Go-Shop Provisions⁴

| | March 2021 | Last 12 Months |
|--|------------|----------------|
| % of Mergers with Go-Shops | 16.7 | 7.3 |
| % of Mergers Involving Financial Buyers with Go-Shops ⁸ | 66.7 | 19.4 |
| % of Mergers Involving Strategic Buyers with Go-Shops ⁹ | 0.0 | 2.5 |
| Avg. Go-Shop Window (in Days) for All Mergers with Go-Shops ¹⁰ | 30.0 | 35.8 |
| Avg. Go-Shop Window (in Days) for Mergers Involving Financial Buyers with Go-Shops ¹¹ | 30.0 | 35.0 |
| Avg. Go-Shop Window (in Days) for Mergers Involving Strategic Buyers with Go-Shops ¹² | N/A | 38.0 |

Form of Consideration as % of U.S. Public Mergers¹³



Tender Offers as % of U.S. Public Mergers

| | |
|----------------|------|
| March 2021 | 25.0 |
| Last 12 Months | 24.5 |

Unaffected Premium %¹⁵

| | |
|----------------|------|
| March 2021 | 27.2 |
| Last 12 Months | 41.3 |

Hostile/Unsolicited Offers as % of U.S. Public Mergers¹⁴

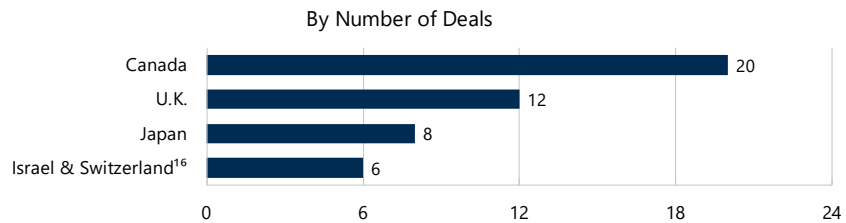
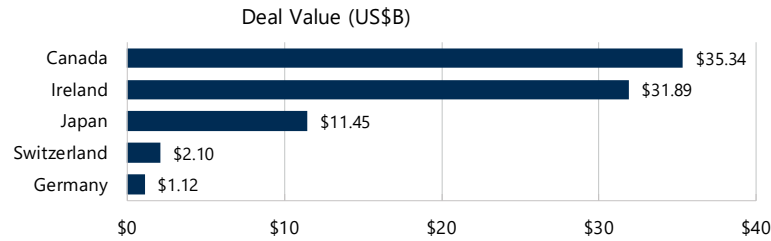
| | |
|----------------|------|
| March 2021 | 29.4 |
| Last 12 Months | 19.0 |

Total Target Adviser Fee(s) as % of Equity Value

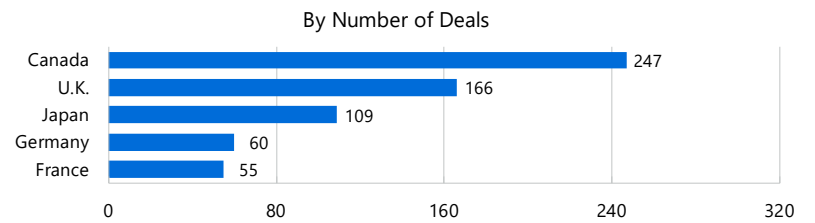
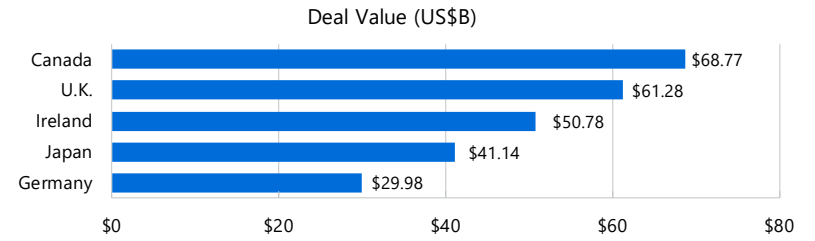
| | |
|----------------|-----|
| March 2021 | 1.8 |
| Last 12 Months | 1.3 |

Top 5 Countries of Origin for Inbound U.S. Crossborder Transactions

Inbound U.S. Crossborder Transactions for March 2021

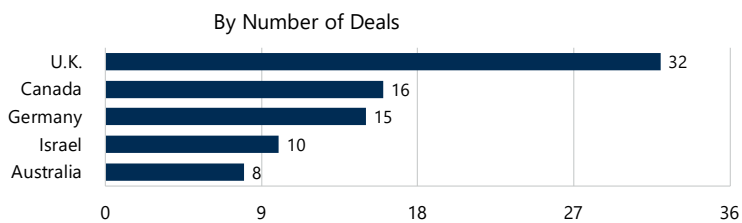
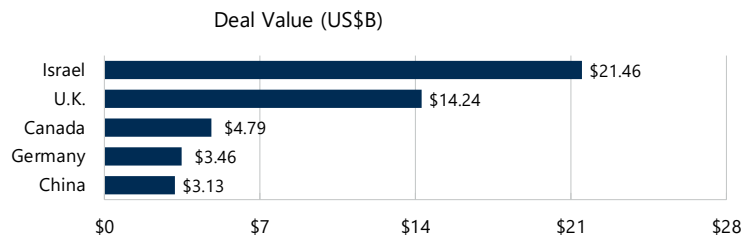


Inbound U.S. Crossborder Transactions for the Last 12 Months

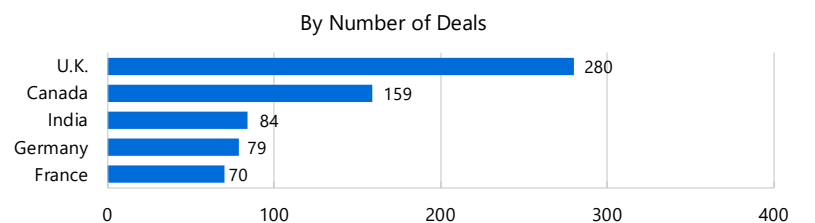
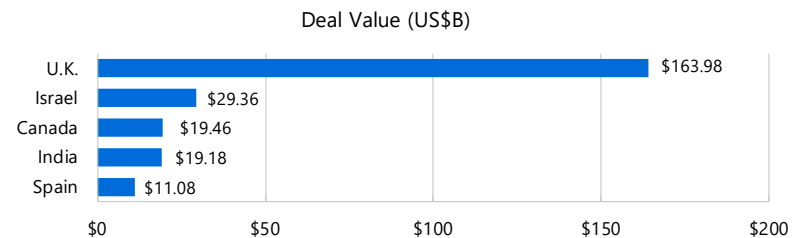


Top 5 Countries of Destination for Outbound U.S. Crossborder Transactions

Outbound U.S. Crossborder Transactions for March 2021

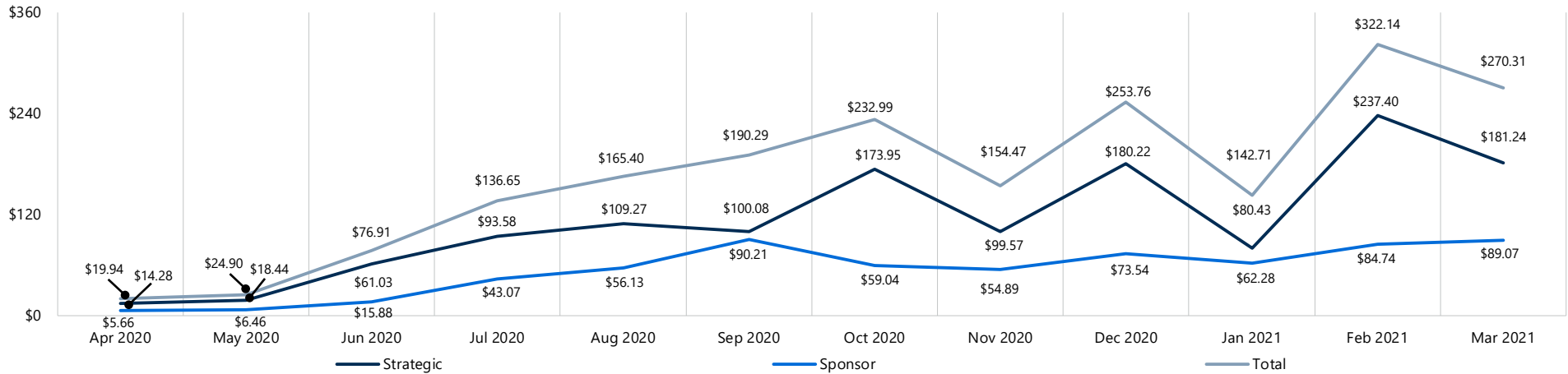


Outbound U.S. Crossborder Transactions for the Last 12 Months

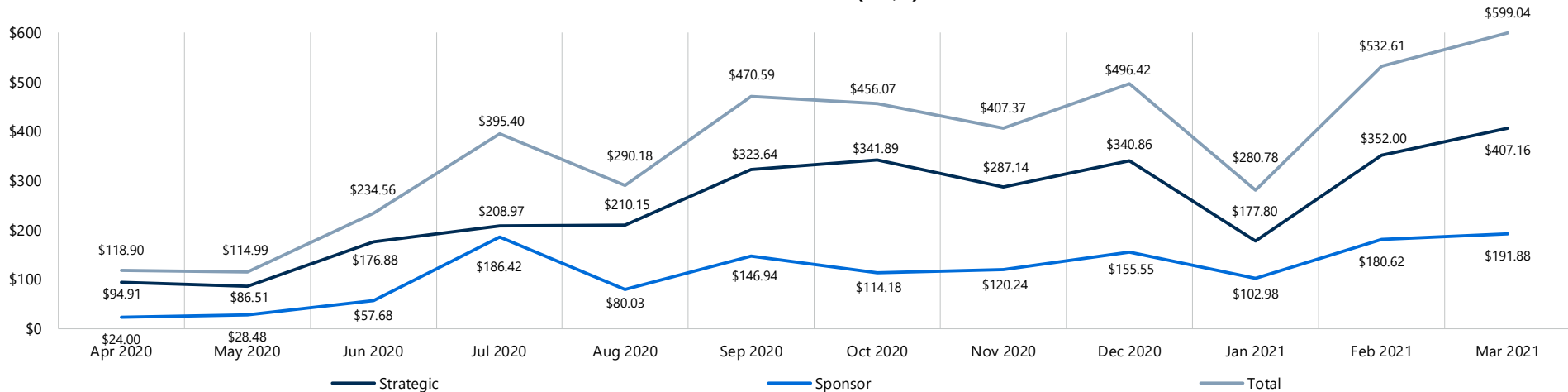


Appendix: M&A Activity – 12 Month Trends

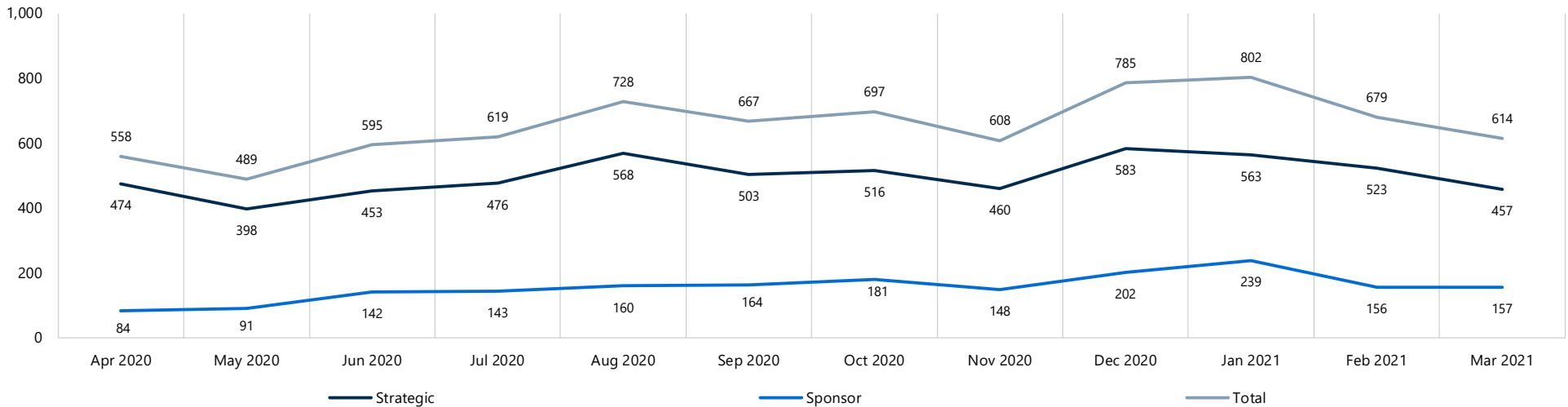
U.S. Deal Value (US\$B)



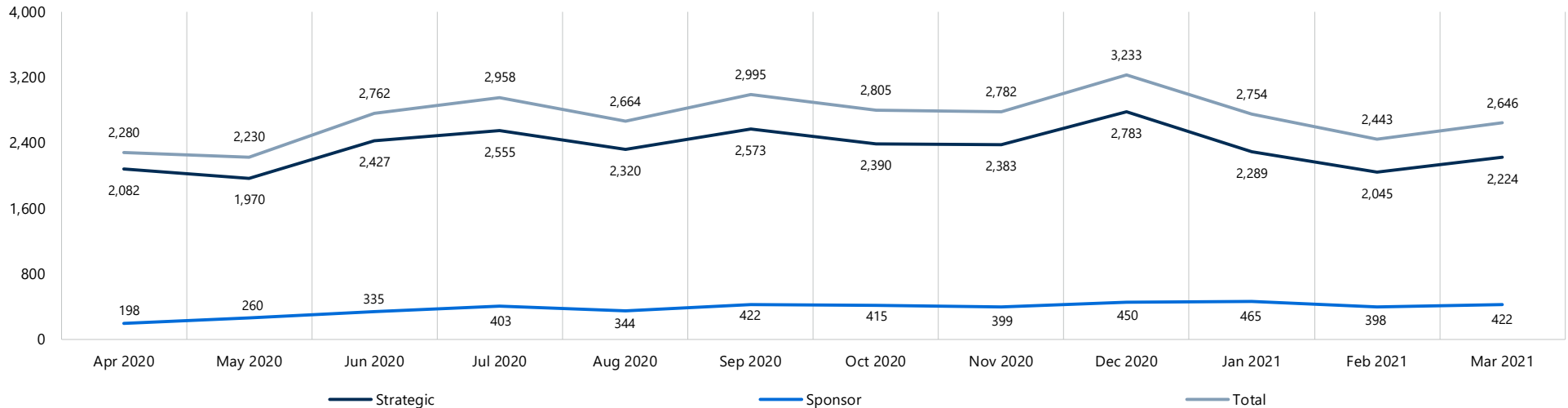
Global Deal Value (US\$B)



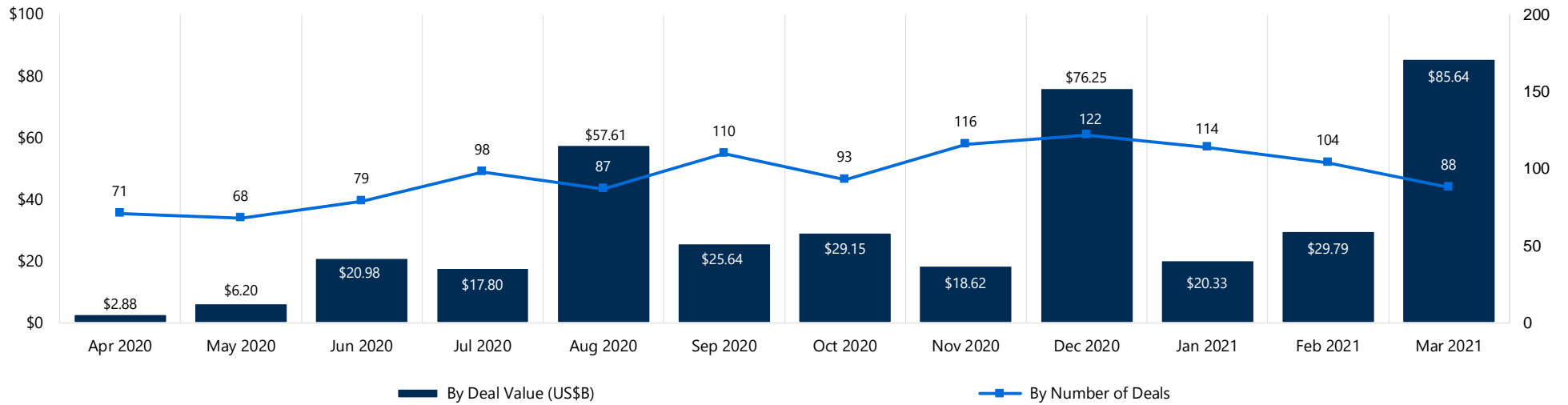
U.S. Number of Deals



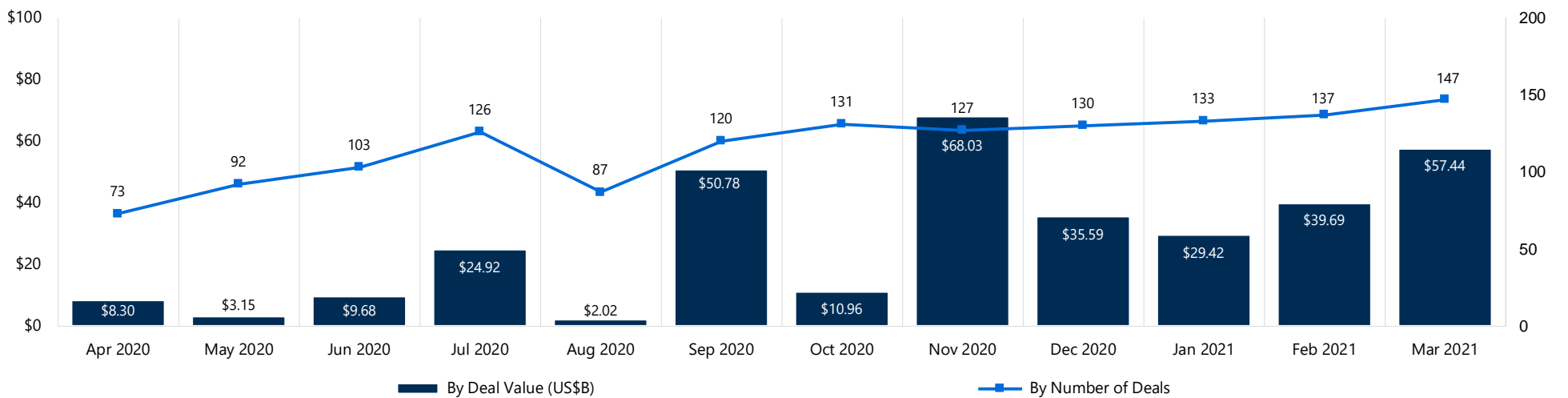
Global Number of Deals



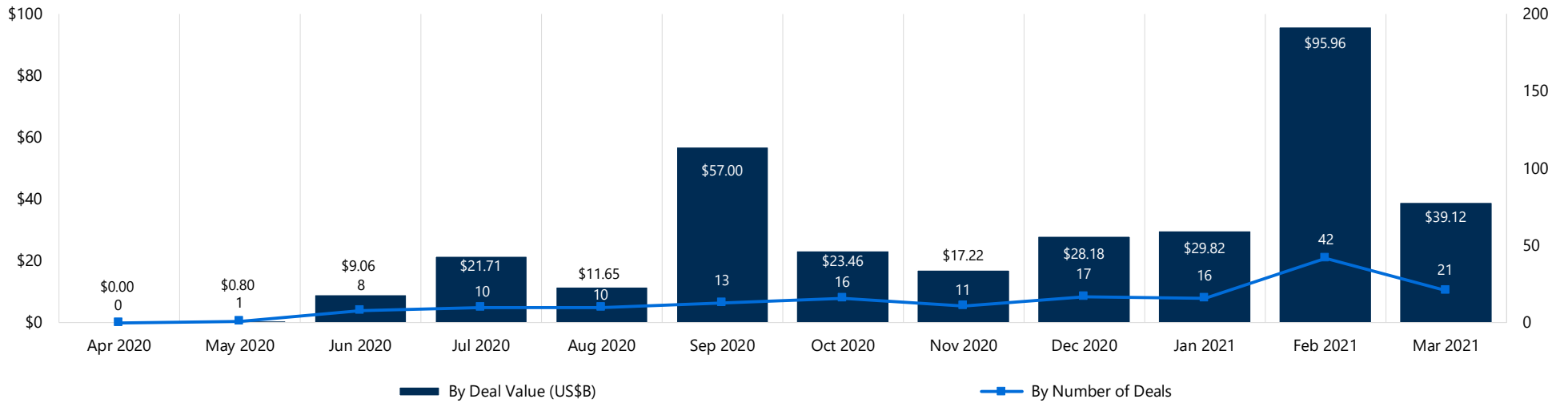
Inbound U.S. Crossborder Transactions



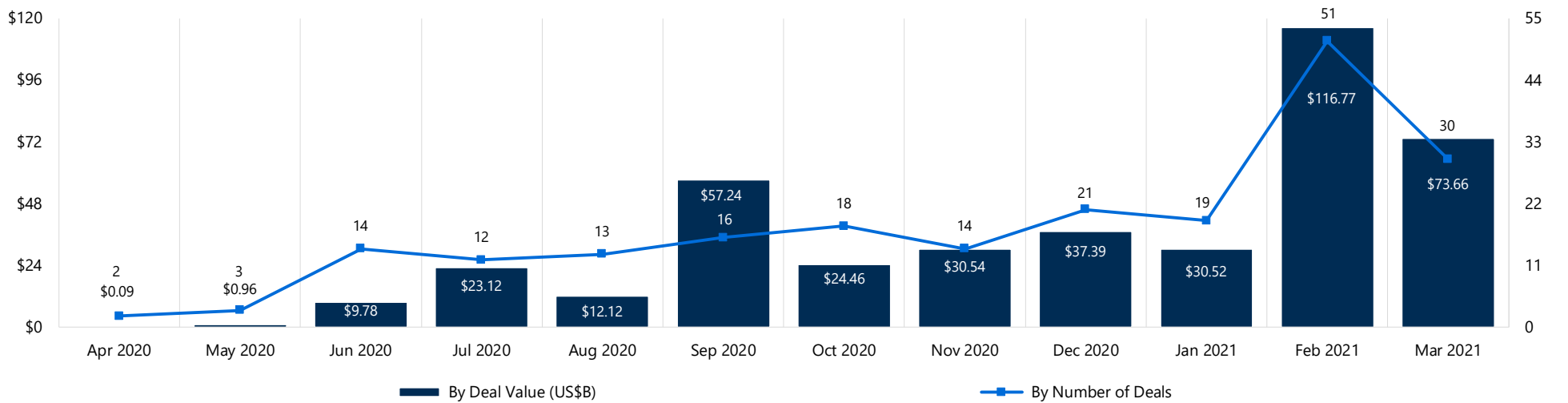
Outbound U.S. Crossborder Transactions



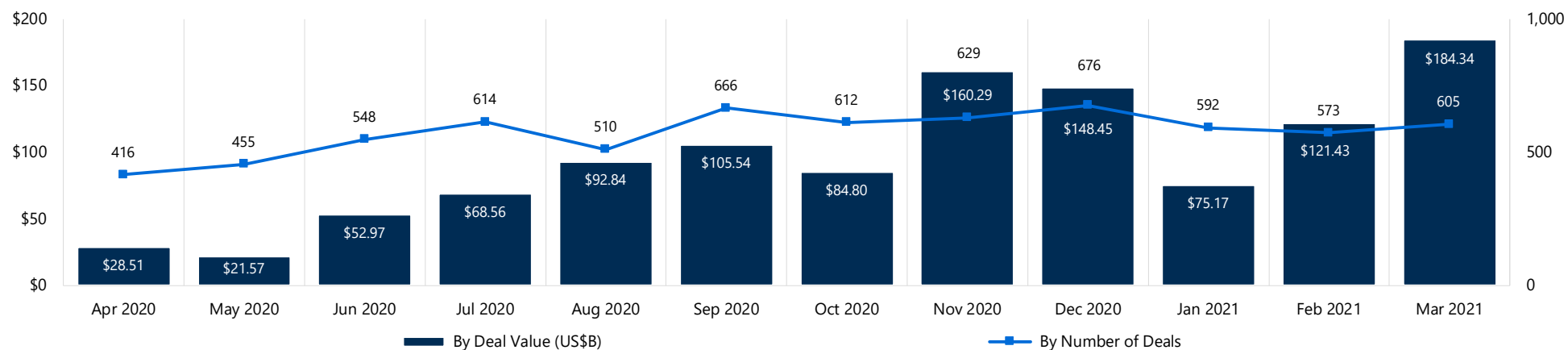
U.S. SPAC Acquisitions¹⁷



Global SPAC Acquisitions¹⁸



Global Crossborder Transactions



Endnotes

- Industries categories are determined and named by Cortex.
- Based on the highest target break fees and reverse break fees payable in a particular deal. Dashed lines indicate that there are no data points for the month of April 2020, as there were no applicable deals in April 2020.
- There were 12 transactions in March 2021.
- Financial and strategic categories are determined by Deal Point Data.
- Six transactions in March 2021 had a reverse break fee.
- Three transactions in March 2021 involving a financial buyer had a reverse break fee.
- Three transactions in March 2021 involving a strategic buyer had a reverse break fee.
- Three transactions in March 2021 involved a financial buyer.
- Nine transactions in March 2021 involved a strategic buyer.
- Two transactions in March 2021 had a go-shop provision.
- Two transaction in March 2021 involving a financial buyer had a go-shop provision.
- Zero transaction in March 2021 involving a strategic buyer had a go-shop provision.
- Due to rounding, percentages may not add up to 100%.
- This data includes both announced transactions for which a definitive merger agreement was reached and filed and those for which a definitive merger agreement was never reached and filed (including withdrawn transactions).
- Unaffected Premium % indicates the difference between the current price per share offered as consideration in the transaction and the "unaffected price", reflected as a percentage. The "unaffected price" is the target's closing stock price on the date that is one calendar day prior to the first public disclosure regarding a potential deal involving the target and on which the target's stock price was unaffected by the news of the deal.
- Each of Israel and Switzerland was the country of origin for six transactions in March 2021.
- This data reflects U.S. targets that have been acquired by a SPAC of any nationality.
- This data reflects both U.S. and non-U.S. targets that have been acquired by a SPAC of any nationality.

The charts on p. 1–2 and 5–10 were compiled using Cortex, and are for the broader M&A market, including public and private transactions of any value. Deal volume by dollar value and average value of deals are calculated from the subset of deals that include a disclosed deal value. The charts on p. 3–4 were compiled using Deal Point Data, and include acquisitions seeking majority or higher control of U.S. targets valued at \$100 million or higher announced during the period indicated and for which a definitive merger agreement was reached and filed (except with respect to data regarding premiums and hostile/unsolicited offers, which is for all announced deals). "Last 12 Months" data is for the period from April 2020 to March 2021 inclusive. Data obtained from Cortex and Deal Point Data has not been reviewed for accuracy by Paul, Weiss.

Our Mergers & Acquisitions Practice

Paul, Weiss is a leading law firm serving the largest publicly and privately held corporations and financial institutions in the United States and throughout the world. Our firm is widely recognized for achieving an unparalleled record of success for our clients, both in their bet-the-company litigations and their most critical strategic transactions. We are keenly aware of the extraordinary challenges and opportunities facing national and global economies and are committed to serving our clients' short- and long-term goals.

The Paul, Weiss M&A Group consists of more than 35 partners and over 125 counsel and associates based in New York, Washington, Wilmington, London, Toronto, Tokyo, Hong Kong and Beijing. The firm's Corporate Department consists of more than 60 partners and over 300 counsel and associates.

Our M&A Group is among the most experienced and active in the world. We represent publicly traded and privately held companies, leading private equity firms, financial advisors, and other financial institutions and investors in their most important mergers and acquisitions, joint ventures and other strategic transactions. Our expertise advising corporations and private investors in a broad range of sophisticated transactions enables us to identify new opportunities for our clients to realize value. We have particular experience in guiding clients as they engage in proxy battles, company-altering and market consolidating transactions or capital markets transactions.

Recent highlights include advising: Nuance Communications in its \$19.7 billion sale to Microsoft; KPS Capital Partners, LP in its approximately \$2.7 billion acquisition of the Europe, Middle East and Africa food, aerosol and promotional packaging business from Crown Holdings; funds managed by affiliates of Apollo Global Management, Inc., alongside their co-investors, in their \$1.4 billion sale of Diamond Resorts International; General Electric in the more than \$30 billion combination of its jet leasing unit GE Capital Aviation Services (GECAS) with AerCap Holdings; Apollo in its proposed \$11 billion merger with Athene; PRA Health Sciences in its approximately \$12 billion sale to ICON; The Goodyear Tire & Rubber Company in its proposed \$2.5 billion acquisition of Cooper Tire & Rubber Company; Perspecta Inc. in its \$7.1 billion sale to Peraton and Veritas Capital; Inspire Brands in its \$11.3 billion acquisition of Dunkin' Brands Group; Cenovus Energy in its Cdn. \$23.6 billion combination with Husky Energy; The Kraft Heinz Company in the proposed \$3.2 billion sale of its cheese business to Groupe Lactalis; an affiliate of Roark Capital Group in its approximately \$1.5 billion acquisition of the ServiceMaster Brands businesses of ServiceMaster Global Holdings; Teladoc Health in its \$18.5 billion acquisition of Livongo Health; Chevron in its \$13 billion acquisition of Noble Energy; National General Holdings in its \$4 billion sale to The Allstate Corporation; affiliates of Roark Capital in its \$200 million investment in The Cheesecake Factory; General Atlantic, as lead investor in a consortium, in its \$8.7 billion acquisition of 58.com; The Medicines Company in its \$9.7 billion sale to Novartis; the Special Committee of the Board of Directors of Pattern Energy Group in its approximately \$6.1 billion sale to Canada Pension Plan Investment Board; Aptiv in its \$4 billion autonomous driving joint venture with Hyundai Motor Group; the Special Committee of the Board of Directors of CBS Corp. in its merger with Viacom to form ViacomCBS, a combined company with an enterprise value of more than \$40 billion; Elanco Animal Health in its \$7.6 billion acquisition of the animal health business of Bayer AG; funds managed by affiliates of Apollo Global Management in their \$2.7 billion acquisition of Shutterfly; the Independent Directors of Avon in its \$3.7 billion sale to Natura & Co.; KPS Capital Partners in its \$1.8 billion acquisition of Howden from Colfax; Trane Technologies in the \$15 billion Reverse Morris Trust spin-off and merger of its industrial business with Gardner Denver Holdings; Chevron in its proposed \$50 billion acquisition of Anadarko Petroleum; General Electric in the \$21.4 billion sale of its BioPharma business to Danaher Corporation; Encana Corp. (now known as Ovintiv) in its \$7.7 billion acquisition of Newfield Exploration Company; IBM in its \$34 billion acquisition of Red Hat; the Board of Directors of Harris Corporation in its \$37 billion merger of equals with L3 Technologies to form L3Harris Technologies; CSRA in its \$9.7 billion sale to General Dynamics; Bioerativ in its \$11.6 billion sale to Sanofi; ADP in its successful proxy contest against Pershing Square; and Agrium in its \$36 billion merger of equals with Potash Corp. of Saskatchewan.

This publication is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

Matthew W. Abbott
+1-212-373-3402
[Email](#)

Scott A. Barshay
+1-212-373-3040
[Email](#)

Angelo Bonvino
+1-212-373-3570
[Email](#)

Ariel J. Deckelbaum
+1-212-373-3546
[Email](#)

Jeffrey D. Marell
+1-212-373-3105
[Email](#)

Robert B. Schumer
+1-212-373-3097
[Email](#)

Krishna Veeraraghavan
+1-212-373-3661
[Email](#)

Taurie M. Zeitzer
+1-212-373-3353
[Email](#)

Counsel Frances F. Mi, associates Allyson N. Kaleita, Eliana Wasser and Ceecee Q. Yao, law clerks Joseph Krmpotich, Dylan Rogalin and Evan Yoo, and staff attorney Akiva Reich contributed to this publication.

Our M&A Partners

[Matthew W. Abbott](#)

[Neil Goldman](#)

[Kenneth M. Schneider](#)

[Jeremy M. Veit](#)

[Edward T. Ackerman](#)

[Bruce A. Gutenplan](#)

[Robert B. Schumer](#)

[Michael Vogel](#)

[Scott A. Barshay](#)

[David K. Lakhdir](#)

[John M. Scott](#)

[Ramy J. Wahbeh](#)

[Angelo Bonvino](#)

[Brian C. Lavin](#)

[Brian Scrivani](#)

[Steven J. Williams](#)

[Ellen N. Ching](#)

[Xiaoyu Greg Liu](#)

[Kyle T. Seifried](#)

[Adam Wollstein](#)

[Rachael G. Coffey](#)

[Jeffrey D. Marell](#)

[Cullen L. Sinclair](#)

[Betty Yap](#)

[Ariel J. Deckelbaum](#)

[Alvaro Membrillera](#)

[Sarah Stasny](#)

[Kaye N. Yoshino](#)

[Ross A. Fieldston](#)

[Judie Ng Shortell](#)

[Tarun M. Stewart](#)

[Tong Yu](#)

[Brian P. Finnegan](#)

[Carl L. Reisner](#)

[Laura C. Turano](#)

[Taurie M. Zeitzer](#)

[Adam M. Givertz](#)

[Justin Rosenberg](#)

[Krishna Veeraraghavan](#)